CIGARETTE OUTLET
BRAND IMPACT PROGRAM

Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

CIGARETTE OUTLET

Background

- Fastest growing class of trade
- 1992 - less than 1,000 stores
- 1994 - over 2,000 stores
- Average volume - 1430 CPW
- Sales mix (North East Sales Area)

Full Price	-	56%
Savings	-	44%

- Share of Market - North East Sales Area (July, 1994)

RJR	24.4%	ATC	16.6%
PM	30.4%	LOR	8.6%
B&W	11.7%	L&M	8.3%

Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

CIGARETTE OUTLET

Characteristics

- Multiple store configurations/types
- Point-of-difference versus other classes of trade
  - Margin
  - Promotion
  - Merchandising
  - Product Availability
- Smoker friendly
- Primary source of income - cigarettes

Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

RJR Objectives

- Gain/maintain fair share of market - volume
- Establish clear brand recognition
  - Signage
  - Promotion

  > Cut through clutter
- Support retailers desire to market all major manufacturers brands
- Allow Cigarette Outlets to seek their own level

Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

1994 Issues

- Traditional merchandising contracts not effective in Cigarette Outlets

  Action -- Implemented Cigarette Outlet Merchandising Contract

- Promotional activity targeted to Savings brands, Full Price brands receive support from leftover work plan promotions

  Action -- Developed Co-Marketing Cigarette Outlets

- Traditional signage not effective in Cigarette Outlets - high level of competitive activity

  Action -- Develop new signage, display vehicles. Design test program to increase RJR brand awareness. Create excitement for RJR brands.

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CIGARETTE OUTLET

Brand Impact Program

Objective

- Establish High Impact or Major Impact using new development and existing signage/displays - curb to cash register
  - High Impact - At least 1 major piece of signage plus others
    - No less than parity compared to all other manufacturers
  - Major Impact - At least 2 or more major pieces of signage plus others
    - Advantaged position versus all other manufacturers

*RJR reserves the right to make final determination on level of impact achieved.

Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

Cigarette Outlet Brand Impact Program

Other Requirements

- Participate in RJR Cigarette Outlet Merchandising Program
  - Savings Center for "feature" Savings brand (Doral) located where primary Savings brands are sold - parity position
  - Savings Center for "other" Savings brands
  - Full Price pack display at primary checkout - parity position
  - Savings brand pack display at primary checkout - parity position
  - Carton merchandiser for Full Price cartons
  - Indoor and Outdoor signage
- Per month payment based on impact level and volume payment: $75 - $250

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Action Plan

- Implement test in targeted stores
- Determine items to be placed, by call
  - Complete installation of items based on availability
  - Evaluate program for additional rollout

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CIGARETTE OUTLET

Brand Impact Program
S.I.S. Contract Information

Industry Volume (CPW)	Description	Type	Plan	Monthly Rate
500 - 999	High Impact	COBIP	A	$75
500 - 999	Major Impact	COBIP	B	$125
1000 - 1499	High Impact	COBIP	C	$125
1000 - 1499	Major Impact	COBIP	D	$175
1500+	High Impact	COBIP	E	$175
1500+	Major Impact	COBIP	F	$250

Recommended Start Date: Upon successful completion of retail installation.

Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

Program/Budget Parameters

- Timeframe
  - Nov - Dec 1994 — Sell-in program, schedule outside installation crew if necessary. Send in store specific forms to M. L. Buckler, Merchandising dept. (910-741-7989).
  - Jan. 1, 1995 — Item availability. Order directly to store. All items on national allocation status (not open order). Enter S.I.S. plans contingent on successful installation.
- Brochure Availability
  - Mid-November — Will mail to your office address. Extremely confidential -- do not copy to retail.
- Contract Duration
  - Minimum 2 yrs., prefer 3 yrs.
- Budget Guidelines
  - Avg. cost per store not to exceed $4000 (including installation cost)

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CIGARETTE OUTLET BRAND IMPACT PROGRAM

Requirements:

- Maintain all merchandising and signage elements and requirements defined in the Cigarette Outlet Merchandising Program.
- Maintain additional elements listed below, as agreed to by an RJR representative:

- Elements listed above will remain in agreed upon location for no less than _____ years from date of installation.
- Retailer agrees that RJR's level of impact and presence to retail customers will not be reduced or diluted during the term of this agreement. If, in the sole judgment of an RJR representative, retailer actions during the term of this agreement reduce or dilute RJR's impact to retail customers, RJR reserves the right to terminate this agreement.

Payment to retailer for elements listed above will be $_____ per month.

R. J. Reynolds Tobacco Company will make payments by check as soon as practicable after the end of each calendar quarter. Payment will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter but more than one calendar month. Retailer will not deduct amounts due under contract from invoices due RJR.

R. J. Reynolds Tobacco Company may withhold payment or backup withhold tax at the rate of 31% from the retailer if the retailer fails to provide R. J. Reynolds Tobacco Company with sufficient correct information to issue a Form 1099 to such retailer for any taxable year covered by this agreement. With an individual proprietorship, this information is the person's individual name and either his social security number or the employer identification number for the proprietorship. In addition to the retailer's individual name, the retailer may also provide the business name for the sole proprietorship, provided the individual name is listed before the business name. (Sole proprietors may not furnish only the business name.) With respect to corporations, partnerships, estates, trusts, and similar entities, the necessary information is the entity's name and employer identification number as it appears on IRS Form CP 575 (Assignment of Employer Identification Number). As soon as the applicable information is provided to and processed by R. J. Reynolds Tobacco Company, it will release any such withheld payments to the retailer.

Type of Organization: (Check One)

Corporation's Name	
EIN No.	

Corporation ☐

Exempt Corporation: Yes ☐ No ☐

Sole Proprietor's Name	
SS No.	
or	
EIN No.	

Sole Proprietor ☐

Partnership, Estate, etc., Name	
EIN No.	

Partnership, Estate ☐

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Source: https://www.industrydocuments.ucsf.edu/docs/sybp0000

Under penalties of perjury, I certify that:

1. The number shown above is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and

2. I am not subject to backup withholding because: (a) I am exempt from backup withholding; or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions:

You must cross-out our Item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return.

Store Name _____ SIS_____
(Please Print)

Store Address _____

_____

_____

_____ _____
Retailer RJR Representative

Date Signed _____ Date Signed _____

	FUNCTION	TEMPORARY DISPLAY TYPE	PLAN	UNITS	RATE	EFFECTIVE
Function						
A = ADD						
E = END						
D = DELETE						
C = CHANGE						

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Sales Level _____

CIGARETTE OUTLET
Brand Impact Program
Specification Sheet

Store Name _____ SIS # _____

Store Address _____ Store Contact Name _____

_____ RJR Contact Name _____

Store Phone # _____ Ph.#, Voice Mail _____

Ship To _____ Contract Type, Plan, $/Mo. _____

_____

Mailing Address _____

_____

_____

Item Selected	Item #	Who Will Install? (Agency or Field Sales)	Installation Date

(Display/Signage Locations Drawn to Back Cover Grid)

Bill Ragsdale
Slate & Associates
415 N. Trade Street
Winston-Salem, NC 27101
(910) 722-0376

Item	Agency Installation Instructions

RJR requires billboards and other large signs not be located within 500 feet of any elementary, junior or high school, or any children's playground. You (Field Sales) are responsible for insuring compliance with this requirement.

Date Completed _____

_____ Store Signature/Date

_____ Agency Signature/Date

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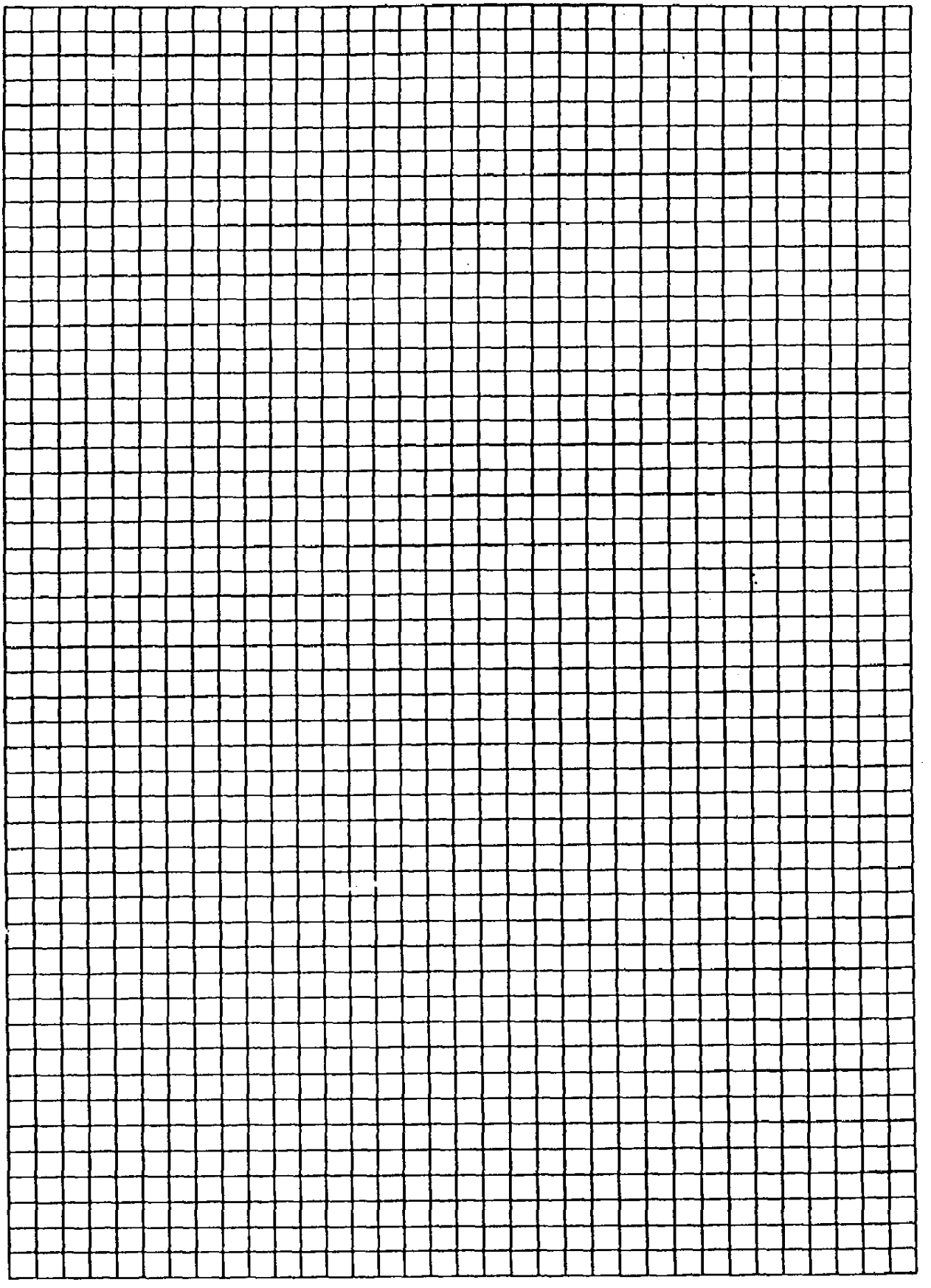
DISPLAY/SIGNAGE SPECIFIC LOCATIONS



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